

THIRTY-SIXTH ANNUAL REPORT

DECEMBER 31st, 1939



CANADIAN WESTINGHOUSE COMPANY, LIMITED

HAMILTON - - CANADA

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BOARD OF DIRECTORS

PAUL J. MYLER, CHAIRMAN

GEO. A. BLACKMORE	S. C. McCONAHEY
N. S. BRADEN	F. A. MERRICK
GEO. H. BUCHER	JOHN R. READ
SIDNEY G. DOWN	A. W. ROBERTSON
RALPH KELLY	CHAS. A. ROWAN

EXECUTIVE COMMITTEE

GEO. A. BLACKMORE	JOHN R. READ
F. A. MERRICK	A. W. ROBERTSON
PAUL J. MYLER	CHAS. A. ROWAN

OFFICERS

PAUL J. MYLER, CHAIRMAN	W. E. SPRAGUE, VICE PRESIDENT AND SECRETARY
N. S. BRADEN, VICE CHAIRMAN	H. A. COOCH, VICE PRESIDENT
JOHN R. READ, PRESIDENT	JOHN S. MARTIN, COMPTROLLER
F. A. MERRICK, VICE PRESIDENT	C. N. SALVISBURG, TREASURER
C. H. MITCHELL, MANAGER OF WORKS	

EXECUTIVE OFFICES - HAMILTON, CANADA

CANADIAN WESTINGHOUSE COMPANY, LIMITED

THIRTY-SIXTH ANNUAL REPORT

DECEMBER 31st, 1939

The Board of Directors submits the customary certified Balance Sheet of the Company at the close of the fiscal year ended December 31st, 1939, and a statement of the Profit and Loss and Earned Surplus Accounts.

The statement shows the current year's earnings from all sources, including investment returns, etc., after provision made for bad and doubtful accounts, to be \$1,578,660.21. From this total, deductions have been made for the payment of Taxes; for Directors' Fees, Executive Remuneration and Legal Expenses paid; for depreciation of Property and Plant, and a donation to the Employees Pension Trust Fund; all as shown on the statement; leaving a net of \$829,174.54.

These figures disclose that, as compared with the previous year, there was some diminution both in total volume of our transactions and in the net profit derived therefrom.

In the Electric Departments, sales at the outset of the year were at the same low ebb as in the closing months of 1938, and this unsatisfactory condition of affairs persisted throughout the first eight months of the year. Not only was the volume of sales so low as to be inherently unprofitable, but the goods we were selling were unfortunately largely of a class and kind on which we do not at any time realize any considerable margin of profit. Throughout this period there was practically no apparatus sold that could be classed as capital goods.

The Air Brake Department enjoyed a favorable year as far as the acquisition of new business was concerned, orders having been received for brake equipment for over 7,000 cars and for 55 locomotives. A substantial portion of this business, however, is for shipment in 1940.

With the outbreak of war, there was an immediate increased demand for products manufactured by our Company, and, as a result, our business for the closing months was of quite a satisfactory nature. This improvement came too late in the year to have any great influence on the total results for the year; it did, however, permit us to carry over for 1940 delivery a much more substantial volume of orders than has been the case for some years past.

Coincident also with the outbreak of the war, your Company offered the Allied governments its facilities for the manufacture of munitions of war, and negotiations to this end have been progressing for some time. At the close of the year, however, these conversations had not yet reached the point where any final contracts of importance had been closed.

The physical inventories of the Company have been carefully and accurately compiled and as usual the values used are the lower of either cost or present value.

Your Board records with due appreciation the loyalty and efficiency of all the Company's forces throughout the year.

Your Board records with profound sorrow the death on September 17th, 1939, of John Franklin Miller of Pittsburgh, Pa. Mr. Miller had a record of over forty years' service with the Westinghouse Air Brake Company, and had been a member of the Board of Directors of this Company since the year 1912.

Your Board further records with profound sorrow the death on November 1st, 1939, of Arthur Luther Humphrey of Pittsburgh, Pa. Mr. Humphrey was for many years one of the chief officers of the Westinghouse Air Brake Company, and served on the Board of Directors of this Company since 1927.

By order of the Board,

PAUL J. MYLER, Chairman;

JOHN R. READ, President

Hamilton, Canada,
February 27th, 1940.

CANADIAN WESTINGHOUSE COMPANY, LIMITED
(INCORPORATED UNDER THE DOMINION COMPANIES ACT)

BALANCE SHEET

AS AT 31ST DECEMBER, 1939

ASSETS

CURRENT ASSETS:

CASH ON HAND AND IN BANKS - - - - -	\$ 1,246,602.85
GOVERNMENT BONDS, ETC., AT BOOK VALUE - - -	4,321,272.65
(Quoted market value \$4,433,890.90)	
ACCOUNTS RECEIVABLE LESS RESERVE - - - - -	1,730,405.29
INVENTORIES OF MATERIALS AND PRODUCTS FINISHED AND IN PROCESS AS DETERMINED AND CERTIFIED BY THE MANAGEMENT AND VALUED AT THE LOWER OF COST OR MARKET - - - - -	4,553,208.75
	<u>\$11,851,489.54</u>

PROPERTY AND PLANT:

REAL ESTATE, BUILDINGS, MACHINERY, TOOLS AND EQUIP- MENT; MAIN OFFICE AND DISTRICT OFFICE PRO- PERTIES-AT COST LESS DEPRECIATION WRITTEN OFF	5,789,855.38
PREPAID INSURANCE AND DEFERRED CHARGES - - - - -	74,035.61
PATENTS, RIGHTS AND LICENSES - - - - -	1.00
	<u>\$17,715,381.53</u>

LIABILITIES

CURRENT LIABILITIES:

ACCOUNTS PAYABLE AND ACCRUED CHARGES - - -	1,179,048.64
PROVISION FOR SERVICE GUARANTEES - - - - -	81,000.00
ADVANCE PAYMENTS RECEIVED ON CONTRACTS - - -	353,566.56
PROVISION FOR TAXES - - - - -	175,000.00
	<u>\$ 1,788,615.20</u>
GENERAL RESERVE - - - - -	400,000.00
CAPITAL STOCK:	
AUTHORIZED — 900,000 SHARES OF NO PAR VALUE - - -	
ISSUED — 546,000 SHARES OF NO PAR VALUE - - -	\$9,100,000.00
EARNED SURPLUS - - - - -	6,426,766.33
	15,526,766.33
	<u>\$17,715,381.53</u>

For the Directors:

N. S. BRADEN,
JOHN R. READ.

CANADIAN WESTINGHOUSE COMPANY, LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 1939

NET EARNINGS FROM OPERATIONS BEFORE PROVISION FOR DEPRECIATION	- - - - -		\$ 1,321,365.90
INTEREST ON INVESTMENTS	- - - - -		175,854.31
PROFIT ON SALE OF INVESTMENTS	- - - - -		81,440.00
			<u>\$ 1,578,660.21</u>
DEDUCT:			
DEPRECIATION WRITTEN OFF PROPERTY AND PLANT	-	\$ 432,000.00	
DIRECTORS' FEES	- - - - -	13,800.00	
EXECUTIVES' REMUNERATION AND LEGAL FEES	- - -	90,653.89	
TRANSFERRED TO EMPLOYEES' PENSION TRUST FUND	-	50,000.00	586,453.89
			<u>\$ 992,206.32</u>
NET PROFIT FOR YEAR BEFORE PROVISION FOR INCOME TAXES	-		
PROVISION FOR DOMINION, PROVINCIAL AND MUNICIPAL INCOME TAXES	- - - - -		163,031.78
			<u>\$ 829,174.54</u>
NET PROFIT FOR YEAR	- - - - -		

EARNED SURPLUS ACCOUNT

As at 31st DECEMBER, 1939

BALANCE AT 1st JANUARY, 1939	- - - - -	\$ 6,553,091.79
PROFIT FOR YEAR	- - - - -	829,174.54
		<u>\$ 7,382,266.33</u>
LESS DIVIDENDS PAID	- - - - -	955,500.00
		<u>\$ 6,426,766.33</u>
BALANCE AT 31st DECEMBER, 1939	- - - - -	

AUDITORS' REPORT

TO THE SHAREHOLDERS, CANADIAN WESTINGHOUSE COMPANY LIMITED:

We have made an examination of the accompanying balance sheet of Canadian Westinghouse Company Limited as at 31st December, 1939, and of the statements of profit and loss and surplus for the year ending on that date. In connection therewith we made a test audit of the accounting records of the company and obtained all the information and explanations we required from its officers and employees; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of all the transactions.

The inventories of materials and products finished and in process are as determined and certified by the management, based upon book records verified by a complete physical count made by the company's officials as at 31st December, 1937, supplemented by similar physical counts of part of the inventories during the months of November and December, 1939.

We report that in our opinion, based upon such examination, the accompanying balance sheet and related statements of profit and loss and surplus have been drawn up in accordance with accepted principles of accounting, so as to exhibit a true and correct view of the state of the company's affairs at 31st December, 1939, and of the results of its operations for the year, according to the best of our information and the explanations given us and as shown by the books.

CLARKSON, GORDON, DILWORTH AND NASH,
Chartered Accountants.

Hamilton, Canada,
26th February, 1940.

CANADIAN WESTINGHOUSE COMPANY, LIMITED

PRINCIPAL OFFICE AND WORKS, HAMILTON, ONTARIO

SALES OFFICES

MONTREAL, QUE.
HALIFAX, N. S.
WINNIPEG, MAN.
VANCOUVER, B. C.

TORONTO, ONT.
OTTAWA, ONT.
LONDON, ONT.
SWASTIKA, ONT.
FORT WILLIAM, ONT.

CALGARY, ALTA.
EDMONTON, ALTA.
REGINA, SASK.
SASKATOON, SASK.

